

GOVERNOR JENNIFER M. GRANHOLM

July 7, 2006

Hello, this is Governor Jennifer Granholm.

When Henry Ford's first Model T rolled off the production line, Michigan's destiny became clear – we would be the state that put the world on wheels.

Almost 100 years later, Michigan remains the automotive capital of the world.

But today, with gas prices hovering around \$3.00 a gallon, Michigan's new role is taking shape.

The state that put the world on wheels will be the state that makes those wheels independent of foreign oil.

And we are already on our way.

Since 2003, four new ethanol plants have broken ground, quadrupling our state's production of corn-based fuel. Later this month, the state's first biodiesel plant will open in Bangor.

We are targeting a portion of our \$2 billion 21st Century Jobs Fund at developing alternative energy production in Michigan – and in the first round of funding, more than 80 alternative energy companies have applied.

We have partnered with General Motors, Meijer and CleanFUEL USA to significantly increase the number of stations where ethanol is available for purchase.

And our federal partners are engaged in this effort, too.

This week, Senator Debbie Stabenow challenged oil companies and Michigan service stations to dramatically increase the number of ethanol pumps available to motorists by 2008 and Senator Carl Levin visited local service stations where E-85 fuel is available to encourage other stations to provide this critical service.

Together, Senators Levin and Stabenow are fighting for additional funding for alternative energy research being done right here in Michigan.

Today, we take another step down this important path to energy independence.

I just signed a package of legislation that will, for the first time, create incentives to consumers who buy alternative fuel vehicles and service stations that make ethanol and biodiesel available to their customers.

This package reduces the gas tax on fuel that contains ethanol or biodiesel. Customers who use an ethanol blend will enjoy a 36% cut in the fuel tax while biodiesel blends will see a 20% cut.

In addition, the package provides grants to service station owners who want to renovate or expand their existing stations to make E-85 and biodiesel available.

As more E-85 and flex fuel vehicles are produced by the Big 3 automakers, it is essential that we make biodiesel and ethanol products more widely available to encourage their use.

New ethanol plants... funding for research and development of alternative fuels ... partnerships with our automakers and local businesses ... and now, economic incentives that will encourage the use ethanol and biodiesel.

All of these are important steps to fulfilling Michigan's next great destiny – making our state and our nation independent of foreign oil.

Thank you for listening.